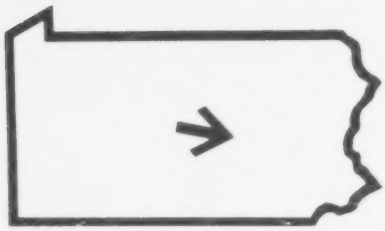


Disappointments Dominate

To no one's surprise, April turned out to be a disappointing month for the economies of both Pennsylvania and the Nation.

Nationally, unemployment rose and employment dropped. In Pennsylvania, the opposite movements were experienced, but—at least so far as unemployment is concerned—that was not much to get happy about. The unemployment rate for this State has been dropping each month, from a high of 12 percent in January to 10.3 percent in April. That should be good news; but, in the first place, the January high was so far out of line with prior experience that one has to wonder whether in that month the sampling overstated conditions; and, in the second place, after allowance for the usual month-to-month shifts at this time of year it is found that the unemployment situation is worsening, not getting better. After seasonal adjustment, the rate remained for four months in double digits: 10.5, 10.1, 10.1, and finally, in April, 11 percent—well above the comparable rate for the Nation, 9.4 percent.

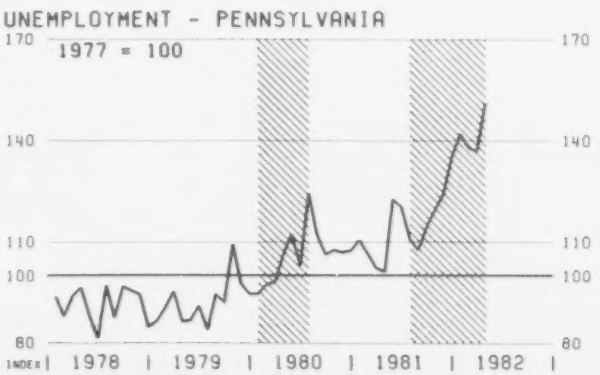
As for Pennsylvania industries, the factories are still losing jobs. Instead of adding them in April, as is customary, the factories continued to lay off workers. The number still on the job totaled only 1,205,000. The seasonally adjusted index fell to another record low which is 10 percent below the level of about four years ago.

Even the stable nonmanufacturing industries are easing off now. As of April, this group was supplying about three out of four jobs contributed by Pennsylvania firms. Although they grew steadily for years, their job growth topped off in 1979. Since then, their job level has stayed at or close to peak; but although more jobs were added in April, the number did not match the customary seasonal pattern. As a result, the adjusted index dropped for the second month, but not far. Some of the industries in this group have been recession victims, like construction and transportation. A few, like government, are actually declining in the number of jobs they furnish. Others may have been growing fast, like the finance group, but don't add up to many jobs. It is the largest groups—trade and services—that have been slightly disappointing in their job additions these last two months.

The steel industry gets worse month by month. In April, Pennsylvania mills produced only 1,054,000 net tons. They did better than that during the 116-day steel strike in 1959. April production if maintained for a whole year would amount to only 12 million tons. A year ago the industry was producing at an annual rate of about 27 million tons. As a group, the primary metals industries are still laying off workers, and they are shortening the average workweek of those who remain on the job. Early May reports from the Pittsburgh and Northeast steel-producing districts (which include parts of adjoining states as well as parts of Pennsylvania) do not suggest an immediate strengthening of this industry.

Still, there is another side to the coin: employment. In Pennsylvania, total employment actually rose in April. At 4,867,000 the total was the largest it has been in any month this year—under a year ago by 158,000, but nevertheless up 40,000 from March. According to its customary seasonal pattern, a rise of slightly less than 10,000 would have been enough to match the usual seasonal gain in April. We should be grateful for small blessings.

Furthermore, recently there has been a change in Pennsylvania's experience with employment. From August 1981, a month after the current recession began, through January of this year, whatever happened to employment from



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College of Business Administration The Pennsylvania State University **June 1982**

month to month, gain or loss, the change was a disappointment. In recent months, that decline seems to have halted. Month-to-month changes have become more closely related to usual seasonal shifts than to additional recession damage. Employment seems to be showing some tendency to level off.

Finally, an encouraging sign came in April from initial claims for unemployment benefits. These provide a clue as to whether or not businesses are laying off workers who up until now have held jobs. While the number of claims remains large, and did increase in April, the increase was only a mild one, and that's a good sign.

Nevertheless, these glimmerings of improvement are extremely tentative. They will have to persist for two or three months before we can think that a sustained improvement has indeed begun.

Nationally, April activity was almost uniformly worse than that of March. The drop in employment affected a wide variety of industries. Unemployment rose to a post-World-War-II record, and there were high rates for adult men and blue-collar workers as well as for some marginal groups of workers. Business failures hit a postdepression high. Consumers' plans and capital spending plans for business were weaker. Auto output and factory output generally were down. Housing starts—especially starts of single-family housing— dropped, and spending for construction generally dropped too. Factory orders continued to decline.

However, the index of leading indicators did turn up for the first time in a year. Five of its components improved: the average workweek, building permits, stock prices, change in liquid assets, and the money supply. Optimists were noting other, more obscure, signs of revival nationally. A few indicators that in five or six of the last seven recessions began to improve ahead of the index of leading indicators have been improving recently. Real M 2 money supply started to increase last October and its rise has not been interrupted. Building permits for new private housing units began to climb in November. The Government's index of lagging indicators began to drop in October and is still declining. Its components tend to foster activity when this index falls. Air travel is picking up—and not just discount fares.

Furthermore, some signs of revival are reported for other countries: International indexes of leading indicators are

Economic Activity in Pennsylvania

	1982 March	1982 April	1981 April	Seasonally Adjusted Indexes (1977 = 100.) 1981 Apr.	1982 Mar.	1982 Apr.
Pennsylvania Industries:						
Nonagricultural industries, total no. of wage and salaried jobs in (thous.)	4,583*	4,595	4,760	103.5	101.1*	100.4
Nonmanufacturing: No. of wage & salaried jobs in (thous.)	3,362*	3,384	3,427	106.4	105.6*	105.1
Manufacturing:						
No. of wage and salaried jobs in (thous.)	1,216*	1,205	1,305	97.3	91.1*	89.9
Hrs. worked by prod. workers in, ave. wkly.	38.7*	38.2	39.3	99.8	98.4*	97.0
Total factory man-hours worked (mil. wkly.)	32.6*	31.7	36.4	95.1	85.2*	82.9
Total factory payrolls (mil. $ wkly.)	277.9*	271.1	299.0	133.0	124.2*	120.5
Steel production (thous. tons)	1,293	1,057	2,396	104	54	46
Industrial electric power sales (mil. kwh)	3,637	3,457	3,843	105	96	95
Mining:						
Anthracite (thous. net tons)	613	550	463	93	118	111
Bituminous coal (thou[illegible]et tons)	7,718	n.a.	2,311	(97)†	113	n.a.
Construction contracts [illegible]d, value ($ mils.)						
Total	573.4	375.6	522.8*	158*	156	113
Residential building	135.4	131.9	195.3*	110*	76	77
Other building	189.0	141.2	194.3*	184*	132	138
Nonbuilding (utilities and public works)	249.0	102.5	133.1*	168*	319	117
Employment of Pa. Residents						
Employed, total number in (thous.)	4,827	4,867	5,025	105.4	101.5	102.1
Unemployed:						
Total number in (thous.)	572	557	374	101.2	136.9	150.9
Rate (percentage of labor force)	10.6	10.3	6.9	—	—	—
Rate, seasonally adjusted	10.1	11.0	7.4	—	—	—
Civilian labor force, number in (thous.)	5,399	5,423	5,400	105.1	104.3	105.9
General Business Activity						
Bank debits, percentage change in dollar volume of:						
From previous month		+ 5.4				
From same month, previous year		+20.7				

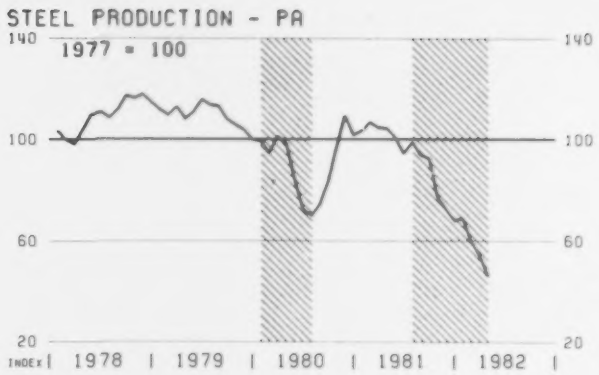
Notes: † = March 1981 figure
* = Figure revised n.a. = Data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST

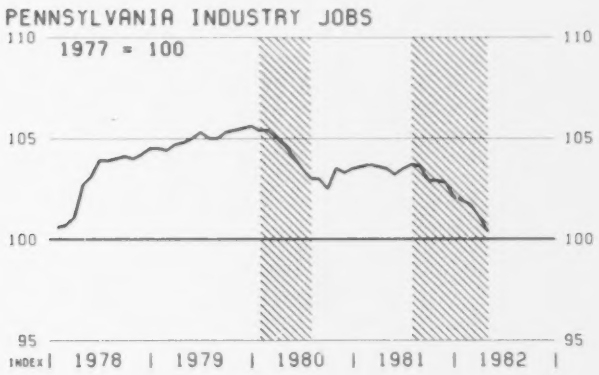
Data on employment have been revised to first quarter 1981 benchmarks.

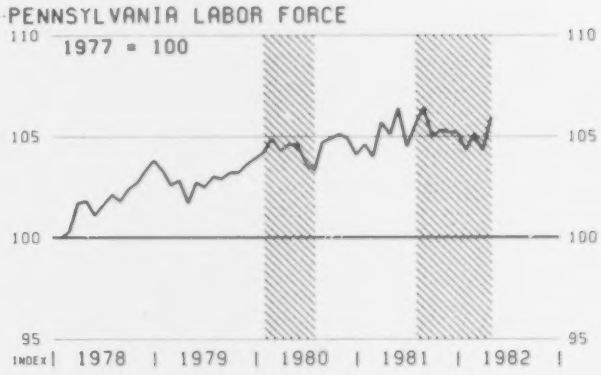
rising—gains that make their originators, the Rutgers Center for International Business Research, think that perhaps a world economic recovery may be shaping up; Manufacturers Hanover Trust thinks the recession in Europe has bottomed out; the Federal Reserve Bank of Chicago notes an easing of monetary policy in Europe.[1] Besides, finance ministers of the largest industrialized countries, in a joint meeting of the International Monetary Fund and the World Bank, are reported to be seeing a strengthening of the sagging world economy.

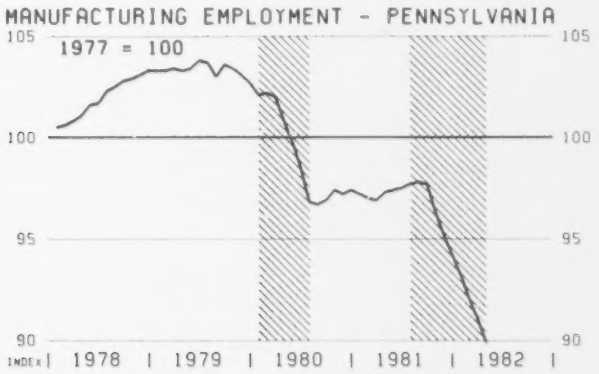
The role the U.S. consumer can be expected to play in coming months is not yet well defined. The sharp dwindling

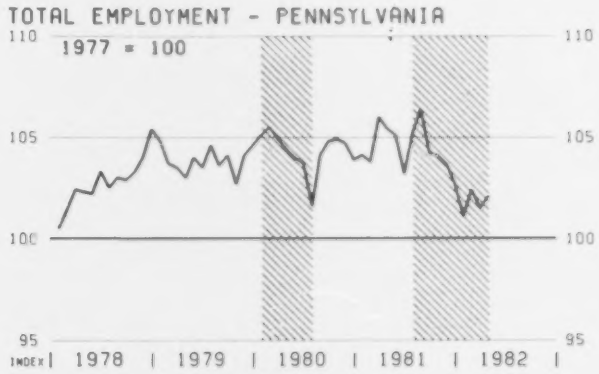
[1] *Wall Street Journal*, "The Outlook," May 3, 1982, p. 1.

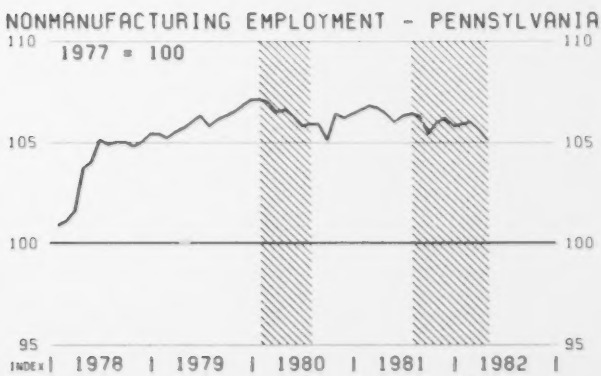


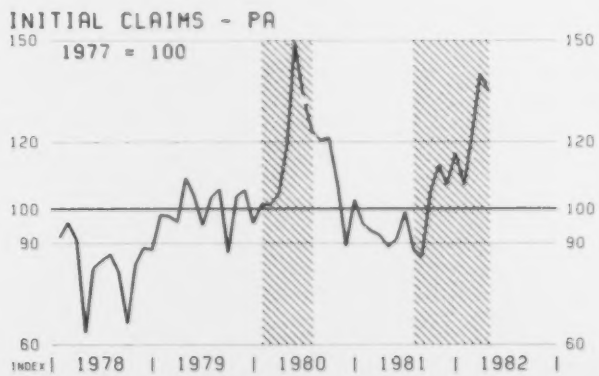












	U.S. Indexes (1967 = 100) Consumers' prices, all items Urban index (unadjusted)	Industrial Production Total (seasonally adjusted)
Apr. 1981	266.8	151.9
May	269.0	152.7
June	271.3	152.9
July	274.4	153.8
Aug.	276.5	153.3
Sept.	279.3	151.8
Oct.	279.9	149.6
Nov.	280.7	146.5
Dec.	281.8	143.4
Jan. 1982	282.5	139.1
Feb.	283.4	141.8
Mar.	283.1	141.5
Apr.	284.3	140.7

Sources: Consumers' prices, U.S. Dept. of Labor; industrial production, Federal Reserve Board.

of inflation is tantamount to a tax reduction of about $25 billion according to Washington analyst Joel Popkin. The ratio of consumer credit to disposable income is reported down to 15 percent—it is said to have fallen more in the last two years than in the last two decades. The consumer is saving more than he did in recent months.

As for Pennsylvania, until he starts to buy cars at a brisk pace and until capital spending picks up, this state can't hope for much of a boost from conditions. In recent weeks, General Motors has offered below-market financing, with an immediate pickup in sales. This suggests that if interest rates drop just a bit further the car market may start to build. But capital spending typically lags an upturn. Even if the consumer price index does not rise faster in future months (as it is expected to do) and the buyer decides to spend heavily for durable goods, it is going to take some time for activity to expand. Until such business picks up, cash flow won't permit very much buying of machinery and such.

In any event, unemployment is not going to improve very quickly. Employers can be expected to take up the slack in their present operations before they enlarge work force. In adjusting to less inflation, they have to cope for a while with conditions of operational costs that persist at a time when prices of their products are declining. Finally, when people begin to get the notion that it's possible to get a job, those formerly discouraged workers who had dropped out of the labor market are going to come back into it, and that will keep the unemployment rates high.

– A.E. Warne

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Have Lost Factory Jobs Hurt Earnings?

During the decade of the 1970s, Pennsylvania lost more than 200,000 manufacturing jobs—that is, jobs supplied by factories located in Pennsylvania. In 1970 these industries supplied, on average, about 1,524,767 jobs a month; and in 1980 about 1,328,175 jobs, according to Pennsylvania's Department of Labor and Industry.[1] The difference is 13.1 percent, or an estimated 200,592.

In the early 1980s, manufacturing jobs have continued to decline, as both Nation and State have labored under the effects of two successive recessions, the first running from January to July 1980; the second starting in July 1981 and still in progress.

While Pennsylvania lost factory jobs, it gained jobs of other types. The socalled nonmanufacturing industries provided a monthly average of 2,822,783 in 1970 as against 3,424,883 in 1980.[1] That was a gain of 21.3 percent, or an estimated increase of 602,100 jobs. During the back-to-back recession years that launched the 1980s, this category of industries was holding its job gains but not advancing further. The largest groups of industries in this category are services (over a million jobs a month now), retail trade (more than 700,000), and state and local government (more than 550,000).

Since Pennsylvania traditionally has been a manufacturing state, and a wealthy one, the loss of manufacturing jobs hurts very much indeed. In fact, it seems to count for more with some people than the gain in other types of jobs, and the whole situation is sometimes viewed as a dismal development that requires action to "turn Pennsylvania's economy around." The trend toward development of service jobs, to quote one editor, "need not be a trend to which Pennsylvanians spinelessly acquiesce . . . The working family's biggest paychecks in Pennsylvania still come from the jobs that require sweat on the brow or advanced technological skills. These are the jobs that make products [for which] Pennsylvania has been famous for a century . . . it would do this Commonwealth little good to lose such blue-collar jobs and replace them with interchangeable service slots often at a scale of the minimum wage."[2]

Was turning away from manufacturing toward other activities a poor tradeoff in terms of paychecks? Are a lot of formerly well-paid factory workers now eking out an existence slinging hash part-time? If they are, it ought to show up in certain figures collected by the U.S. Department of Labor.

The Department receives payroll reports from employers for employees covered by State and Federal unemployment insurance programs. In Pennsylvania, that accounts for about 95 percent of all workers. By dividing annual payroll by average annual employment, the Labor Department estimates average annual pay per worker for a given year for all industries in a particular area. This is done for each state.

[1]The 1970 figure includes strikers, but the 1980 figure does not. The difference is not considered seriously distorting. Data from Office of Employment Security.

[2]Editorial, *The Patriot*, Harrisburg, Pa., Sept. 1, 1981, p. 20.

If Pennsylvania's tradeoff has been an unfortunate one from the earnings viewpoint, it should mean that Pennsylvania's annual payroll per worker would suffer over the time period during which manufacturing jobs were lost, even though the losses were more than offset by the job gains in other industries.

The latest annual figures are for the year 1980. When all the states are ranked by size of annual earnings per worker in that year, it is found that only 14 (and the District of Columbia) outrank Pennsylvania. In 1970, Pennsylvania was not even among the top fifteen states. It had to jump from twentieth in that year to make the top group in 1980. What's more, only four other states improved their positions enough to get into that group. The remaining ten were there and stayed there. Average annual payroll per worker for Pennsylvania at $14,373 in 1980 was as good as the U.S. average, which was $14,363. Thirty-five states had lower averages. Of the top fifteen, nine are clustered in the industrial northeast and north-central states. One sunbelt state is represented. Two of the mountain states are there, and two from the far west. Then there is Alaska, leading the other 49 now, as it did in 1970.

With respect to its six adjoining states, Pennsylvania improved its rank more than any by gaining five places. Delaware and West Virginia each rose one place, New York remained number three, and the others slipped. Ohio dropped four places and New Jersey two. All of them, however, remained among the top fifteen. Maryland was not among the top group in 1970 and is not now. Then it ranked seventeenth and now it ranks twentieth.

The sunbelt states, with two exceptions (Texas and Louisiana, which ranked twelfth and sixteenth, respectively, in 1980) remain now as then mostly at the low end of the rankings.

These figures do not show whether large annual paychecks per worker are a burden to Pennsylvania industries and a deterrent to development, or a boon. A lot goes into determining whether labor cost is high or low—the skill and productivity of the worker, for instance, and the extent to which the particular industry is labor-intensive. Nor do these figures tell anything about unemployment. It is possible to have a few highly skilled or high-seniority people at work, who are very well paid, and still have a lot of people unemployed. Michigan is an example. In 1970 and 1980 (both recession years) Michigan ranked second in average annual pay and yet now (in a third recession year) has perhaps the highest unemployment rate of any state in the Nation.

These figures do, however, supply evidence that Pennsylvania's shift from manufacturing to other types of jobs seems not to have hurt the earnings of people who work in them.

And a great many more Pennsylvanians are working now than did in 1970, both within the state and across its borders in neighboring states. The number of residents of Pennsylvania holding jobs (as distinguished from the number of jobs supplied by Pennsylvania industries) increased between 1970 and 1980 by 392,250, or 8.5 percent. That was a period during which Pennsylvania's population was essentially stable. In fact, 1980 was the first year in which monthly average employment topped five million. In 1981 it went on up to another new peak of about 5,018,000. If unemployment increased—and it nearly doubled between 1970 and 1980—it was not from job loss but from labor force growth. Industries in and within commuting distance of Pennsylvania simply could not expand fast enough to provide jobs for all those who decided they wanted to look for them.

Would some of those lost manufacturing jobs have helped much? Apparently not in this particular recession. Given the way in which manufacturing has lost jobs since 1979, unemployment would likely have been no better than it is

Average Annual Pay per Worker, 1980, and Rank in 1970 and 1980

State	1980 Ave. annual pay in dollars	Rank of state 1980	1970
Alaska	$23,125	1	1
(District of Columbia)	(18,930)		
Michigan	16,825	2	2
New York	15,687	3	3
Illinois	15,664	4	4
Washington	15,638	5	8
Wyoming	15,629	6	42
California	15,365	7	5
Delaware	15,255	8	9
New Jersey	15,194	9	7
Ohio	15,009	10	6
Connecticut	14,821	11	10
Texas	14,583	12	25
Colorado	14,561	13	21
West Virginia	14,466	14	15
PENNSYLVANIA	14,373	15	20
United States	14,363		
Louisiana	14,342	16	24
Oregon	14,277	17	23
Indiana	14,222	18	12
Nevada	14,161	19	11
Maryland	13,900	20	17
Minnesota	13,896	21	22
Arizona	13,803	22	18
Massachusetts	13,798	23	19
Oklahoma	13,787	24	26
Missouri	13,750	25	13
Wisconsin	13,677	26	16
Utah	13,574	27	33
Hawaii	13,507	28	14
Kentucky	13,346	29	31
New Mexico	13,302	30	37
Virginia	13,242	31	28
Iowa	13,110	32	30
Kansas	13,091	33	34
Georgia	12,918	34	36
Alabama	12,902	35	38
Idaho	12,769	36	43
Montana	12,729	37	40
Tennessee	12,674	38	41
Florida	12,660	39	27
Rhode Island	12,527	40	32
New Hampshire	12,228	41	35
North Dakota	12,226	42	44
Nebraska	12,201	43	39
North Carolina	11,989	44	46
South Carolina	11,939	45	47
Vermont	11,838	46	29
Maine	11,747	47	45
Arkansas	11,705	48	50
Mississippi	11,363	49	49
South Dakota	11,097	50	48

Sources: Preliminary data for 1980 from U. S. Department of Labor news release 81-593, 18 82. Data for 1970 from U.S. Dept. of Labor Statistical Bulletin No. 299. Rankings by Center for Research, College of Business Administration, The Pennsylvania State University.

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now and could easily have been much worse. The shift toward nonmanufacturing jobs seems to be stabilizing Pennsylvania in its reaction to the current recession. One expert on business cycles thinks that, on balance, today's economy is less depression-prone than it used to be. One factor in this improvement, he says, is the rise that has taken place in the proportion of jobs in the service industries.[3]

– A. E. Warne

[3]Geoffrey Moore, director of the Rutgers University Center for International Business Cycle Research, quoted in a survey made by the *Wall Street Journal*. See "Depression is Unlikely, Leading Analysts Say, Despite Painful Slump," WSJ, April 7, 1982, p. 1.

Trends in Pennsylvania's Population, 1970-1980

Between 1970 and 1980, Pennsylvania as a whole experienced very little population growth. During this period, Pennsylvania's population grew only 0.5 percent while the total U.S. population grew 11.5 percent.

However, this slow to no-growth trend is not prevalent in all areas of the state. York, State College, and Lancaster all experienced fairly rapid population growth (above the national average) between 1970 and 1980. In addition, moderate growth was seen in Harrisburg, Allentown-Bethlehem-Easton, Erie, Reading, Williamsport, and nonmetropolitan areas of the state. On the other hand, the major population centers of Philadelphia and Pittsburgh both experienced population losses.

A significant shift in Pennsylvania's population away from central cities is evident in the decade between 1970 and 1980. The only "central city"[1] in Pennsylvania to gain population during this time was State College while metropolitan areas outside the central cities, except Pittsburgh, all increased in population.

This trend toward decentralized urban areas is also seen in the nation as a whole. In metropolitan areas, the population both inside and outside the nation's central cities increased from 1970 to 1980, but the population inside the central cities increased by 6.4 percent, which is less than the rate for the population as a whole, while the areas outside the central cities increased their population by 34.3 percent — well above the 11.5 percent average.

There has also been a shift in Pennsylvania's population away from the metropolitan and toward the nonmetropolitan areas. Between 1970 and 1980, Pennsylvania's population inside its SMSA's declined 0.9 percent while the population outside its SMSA's increased by 7.6 percent.

But, this trend was not experienced by the nation as a whole. The nation's metropolitan population increased by 21.5 percent while the nonmetropolitan population decreased by 10.5 percent between 1970 and 1980. The national trend is due in part to the reclassification of 35 areas as SMSA's, including Sharon and State College, Pennsylvania. However, even without the reclassification, a population shift to metropolitan areas is evident in the nation as a whole while Pennsylvania exhibits the opposite trend. In 1970, 31.4 percent of the nation's and 16.9 percent of Pennsylvania's population lived in nonmetropolitan areas while in 1980 these figures were 25.2 and 18.1 percent, respectively.

– N. G. Pappas

[1]The area defined as a "central city" for this purpose is the Borough of State College.

Population in Pennsylvania by SMSA for 1980 and 1970 and Percentage Change by Central City Designation

	POPULATION COUNTS		PERCENTAGE CHANGE 1970-1980		
	1980	1970	Total	Inside central city	Outside central city
PENNSYLVANIA	11,863,895	11,800,766	0.5	—	—
Inside SMSA's	9,718,995	9,807,000[a]	-0.9	-13.2	5.8
Outside SMSA's	2,144,900	1,994,000[a]	7.6	—	—
SOUTHEASTERN SMSA's					
Harrisburg	446,072	410,505	8.7	-21.7	14.7
Lancaster	362,346	320,079	13.2	-5.1	17.2
Philadelphia	4,716,818	4,824,110	-2.2	-13.4	5.4
Reading	312,509	296,382	5.4	-10.2	12.0
York	381,255	329,540	15.7	-11.4	20.6
NORTHEASTERN SMSA's					
Allentown-Bethlehem-Easton	636,714	594,382	7.1	-5.6	14.2
Northeast Pennsylvania	640,396	621,882	3.0	-13.0	10.1
Williamsport	118,416	113,296	4.5	-11.9	12.8
NORTHWESTERN SMSA's					
Erie	279,780	263,654	6.1	-7.8	19.5
Sharon	128,299	127,225	0.8	-15.9	4.5
SOUTHWESTERN SMSA's					
Altoona	136,621	135,356	0.9	-9.6	10.1
Johnstown	264,506	262,822	0.6	-16.4	3.9
Pittsburgh	2,263,894	2,401,362	-5.7	-18.5	-2.2
State College	112,760	99,267	13.6	10.0	15.3

Source: U.S. Department of Commerce, Bureau of the Census. *1980 Census of Population, PC80-S1-5, Standard Metropolitan Statistical Areas and Standard Consolidated Areas: 1980*, October 1981, and PC 80-1-A40, *Characteristics of the Population, Number of Inhabitants*, February 1982

[a]Rounded.

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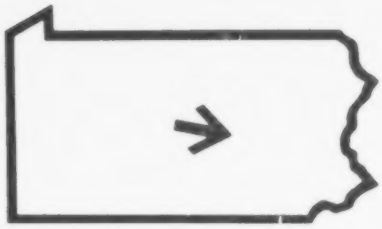


Pennsylvania's Plight Deepens

Despite signs that the recession nationwide has bottomed out, Pennsylvania's economy continued on its downward course in May.

Pennsylvania lost another 14,300 manufacturing jobs in May, bringing the factory job level down to a new low of 1,186,500 jobs. At the same time, a less than seasonal increase in nonmanufacturing jobs was experienced. The seasonally adjusted index for total nonagricultural jobs fell to 99.8 (1977=100) in May from 100.3 in April and was down from 103.2 a year ago.

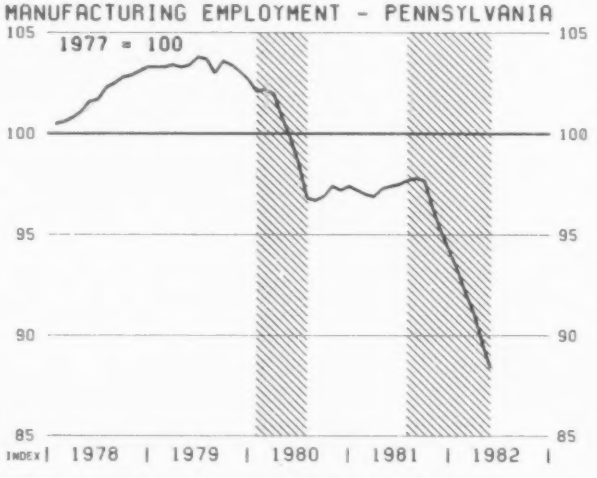
Almost half of the factory jobs lost were in the primary metals group. Pennsylvania's mills poured only 934,479 tons of steel in May, less than 40 percent of production a year ago. Furthermore, although nationally steel production has been plummeting, it has been declining even more rapidly in Pennsylvania. In May, only 14 percent of all steel produced in the nation came from Pennsylvania's mills. This is down from 15 percent in April and 20 percent a year ago.

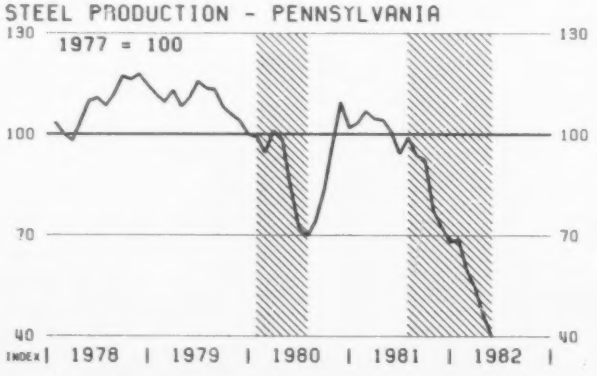
Pennsylvania's mining industry group was also down in May. The industry lost another 3000 jobs, whereas an increase in jobs is usually expected at this time of year. Furthermore, the production of both anthracite and bituminous coal declined in the latest months for which we have data. In April, the production of bituminous coal was way up from last year's figure of 2,311,000 tons, which reflected the effects of the 1981 coal strike; however, it was down to 6,434,000 tons from March's 7,718,000 tons.

The gains in nonmanufacturing jobs were in contract construction, retail trade, and services. Jobs in contract construction in Pennsylvania were up 11,400 in May from April's figure, which is more than seasonally expected. However, the value of construction contracts awarded was down in residential and nonresidential building, and although it was up slightly for utilities and public works, the increase was less than expected for this time of year. Finally, Pennsylvania had 9200 more retail trade jobs and 5400 more service jobs in May than in April.

Total employment and unemployment in Pennsylvania did not change much in May from the previous month. The seasonally adjusted index for employment in Pennsylvania edged upward 0.1 percent. This was the second consecutive monthly increase; April's increase was 0.6 percent. Furthermore, unemployment in Pennsylvania declined in May, but not as much as is usual for this time of year. The seasonally adjusted index increased to 152.4 from 150.9 in April, and the seasonally adjusted unemployment rate stood at 11.1 percent, up 0.1 percent from April's figure.

Initial claims for unemployment compensation, although still at a high level, declined in May, whereas an increase is usually expected for this time of year. The seasonally adjusted index declined for the second consecutive month to 133.0 from 134.8 in April and 139.9 in March.





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ECONOMIC ACTIVITY IN PENNSYLVANIA	1982 April	1982 May	1981 May	Seasonally Adjusted Indexes (1977 = 100.) 1982 April	1982 May	1981 May
Pennsylvania Industries:						
Nonagricultural industries, total no. of wage and salaried jobs in (thous.)	4,591*	4,604	4,787	100.3*	99.8	103.2
Nonmanufacturing: No. of wage & salaried jobs in (thous.)	3,384	3,412	3,447	105.1	104.9	106.0
Manufacturing:						
No. of wage and salaried jobs in (thous.)	1,201*	1,187	1,308	89.6*	88.4	97.4
Hrs. worked by prod. workers in, ave. wkly.	38.1*	38.1	39.4	96.7*	96.8	100.1
Total factory man-hours worked (mil. wkly.)	31.4*	30.9	36.5	82.2*	80.6	95.4
Total factory payrolls (mil. $ wkly.)	269.0*	263.9	300.6	119.6*	118.2	134.6
Steel production (thous. tons)	1,057	934	2,346	46	40	101
Industrial electric power sales (mil. kwh)	3,457	3,197	3,685	95	89	103
Mining:						
Anthracite (thous. net tons)	550	533	240	111	106	48
Bituminous coal (thous. net tons)	6,434	n.a.	(2,311)†	96	n.a.	(34)†
Construction contracts awarded, value ($ mils.)						
Total	375.6	322.2	576.2*	113	75	136*
Residential building	131.9	116.1	183.4*	77	55	88*
Other building	141.2	92.2	176.9*	138	74	149*
Nonbuilding (utilities and public works)	102.5	113.9	215.8*	117	96	177*
Employment of Pa. Residents						
Employed, total number in (thous.)	4,867	4,880	5,019	102.1	102.2	105.1
Unemployed:						
Total number in (thous.)	557	529	424	150.9	152.4	122.5
Rate (percentage of labor force)	10.3	9.8	7.8	—	—	—
Rate, seasonally adjusted	11.0	11.1	8.9	—	—	—
Civilian labor force, number in (thous.)	5,423	5,409	5,443	105.9	106.1	106.4
General Business Activity						
Bank debits, percentage change in dollar volume of:						
From previous month		-18.3				
From same month, previous year		+21.8				

Notes: † = April 1981 figures
* = Figure revised n.a. = Data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST

Data on employment have been revised to first quarter 1981 benchmarks.

Nationwide, the economy is flat; the recession appears to have wound down, but the economy has not yet begun to expand appreciably. Preliminary estimates show a small 0.6 percent annual growth rate in real (inflation-adjusted) GNP for the April-June quarter after declines in the previous two quarters.

Small changes in employment indicators in May provide mixed signals. Unemployment rose 0.1 percent in May to a seasonally adjusted rate of 9.5 percent after rising 0.4 percent in April, and it is expected to rise further in the months ahead as students enter the work force. At the same time, the number of hours worked by production or nonsupervisory workers edged up 0.1 hour, and nonfarm payroll employment was unchanged in May, with the service-producing sector showing relatively greater strength than the goods-producing sector.

The mild, seasonally adjusted 0.2 percent decline in industrial production was the smallest since August. On the positive side, the output of consumer goods rose 0.8 percent in May for the second consecutive month. However, the strength in this sector probably reflects a sharp rise in auto production due to increased sales from special financing offers, which ended in May and early June. Preliminary auto sales figures for mid-June are way down.

It appears that, unlike previous recessions, consumer spending — not business investment — will be leading the economy to recovery. Retail sales and consumer installment debt rose in May providing evidence of increased consumer confidence in the economy. But the severe capital spending recession may overwhelm the recovery in the consumer sector. Businesses plan futher cuts in outlays for new plants and equipment.

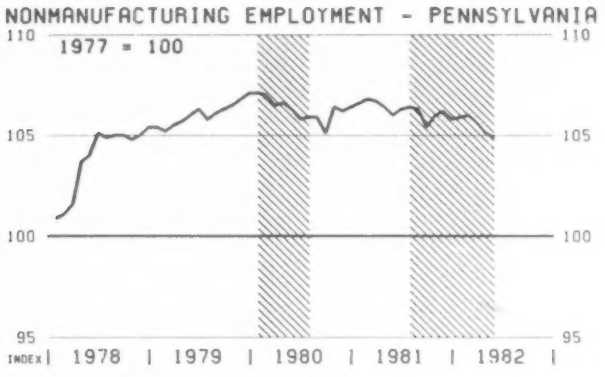
The continued layoffs in the steel industry are a result of a need by producers to cut costs — the end of which is not yet in sight. A survey by the Steel Service Center Institute found that almost three-fourths of steel warehouses plan further inventory cuts in the next few months, which means less production and more layoffs. In addition, duties recently imposed by the Commerce Department on steel imports, which have risen to 26 percent of the U.S. market, may provide little help because the market is weak and because the penalties are imposed on only some foreign suppliers — seven European nations, Brazil, and South Africa. Buyers say they will switch to other foreign sources with small or no penalties as this would be cheaper than buying domestic steel.

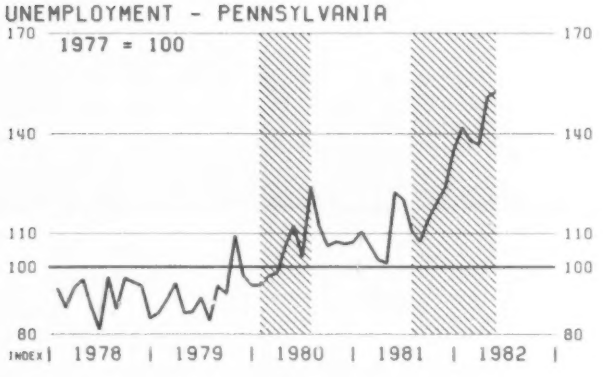
Thus, Pennsylvania's economic health may get even worse before getting better. – *Norma Gavin Pappas*

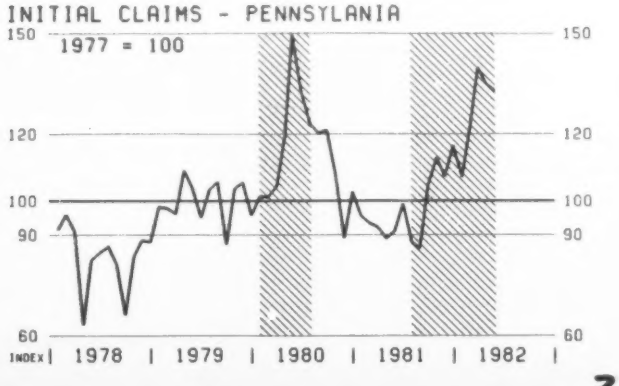
U.S. Indexes
(1967 = 100)

	Consumers' prices, all items Urban index (unadjusted)	Industrial Production Total (seasonally adjusted)
May 1981	269.0	152.7
June	271.3	152.9
July	274.4	153.8
Aug.	276.5	153.3
Sept.	279.3	151.8
Oct.	279.9	149.6
Nov.	280.7	146.5
Dec.	281.8	143.4
Jan. 1982	282.5	139.1
Feb.	283.4	141.8
Mar.	283.1	141.5
Apr.	284.3	140.6
May	287.1	140.3

Sources: Consumers' prices, U.S. Dept. of Labor; industrial production, Federal Reserve Board.







The Survey Gets a New Editor

The *Pennsylvania Business Survey* is forty-three years old this month and starts its next year with a new editor. Ms. Norma Gavin Pappas brings to the *Survey* a strong background in economic research, including the design and operation of computer simulation models and data banks, and experience in technical writing and editing.

A graduate of the School of Foreign Service at Georgetown University, she holds a Master of Arts degree in economics from the University of Washington and a certificate for writing and editing in technical fields from George Washington University.

Before coming to Penn State, Ms. Papas spent five years as a research associate and economist at Mathematica Policy Research, Inc., in Washington, D.C. Prior to that experience, she served as a research assistant at the University of Washington and at Georgetown University's Public Services Laboratory.

She authored and contributed to a number of reports on health care utilization made to the U.S. Department of Health and Human Services and authored final reports to the State of Washington and to the U.S. Department of Health, Education, and Welfare.

Ms. Pappas succeeds Alice E. Warne, who retired in June after 24 years as editor of the *Survey*.

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SMSA Counties Outpace Non-SMSA Counties in Personal Income Growth

In 1980 personal income increased 10.8 percent from its 1979 level in Pennsylvania's Standard Metropolitan Statistical Area (SMSA) counties while it increased only 9.2 percent in non-SMSA counties. The faster metropolitan increase is in contrast to the pattern of overall faster nonmetropolitan growth during the decade of the 1970's.

Personal income is a measure of the dollars available to private individuals and families in a year. It includes transfer payments, consumer interest, and personal income taxes and excludes corporate savings, corporate income taxes, and certain other payroll taxes.

Nationally, the faster metropolitan growth in personal income in 1980 was widespread, both geographically and industrially. Personal income increased more rapidly in the SMSA counties than in the non-SMSA counties in 38 states, and nonfarm earnings increased more rapidly in the SMSA counties for all of the major industry groups, except the transportation and public utilities group, and government. The national decline in farm income also contributed to the smaller increase in non-SMSA counties. Furthermore, 1980 was a period of national recession in which growth rates declined more rapidly in non-SMSA counties.

In all but six of Pennsylvania's 14 SMSA's, the increase in personal income from 1979 to 1980 was greater than the 10.2 percent national price increase, as measured by the implicit price deflator for personal consumption expenditures. The SMSA's with the greatest increases were State College and Allentown-Bethlehem-Easton, and the SMSA with the smallest increase was Johnstown, which had experienced one of the fastest growths in personal income during the 1970's. Johnstown's 1979-80 increase of 6.1 percent was 4.1 percentage points below the national price increase, representing a significant decline in real income. The nonmetropolitan growth in personal income was 1.0 percentage point below the price increase.

Per capita income for Pennsylvania was $9427 in 1980, which is slightly less than the national per capita income of $9511. Only Pittsburgh had a per capita income greater than that for all SMSA counties in the nation, which was $10,153. However, per capita income in non-SMSA counties in Pennsylvania was higher than the corresponding national figure of $7556.

– Norma Gavin Pappas

Total and Per Capita Personal Income by SMSA, 1979-1980

	Total Personal Income			Per Capita Income		
	Millions of Dollars		Percent Change	Dollars		Rank Among the Nation's SMSAs
	1979	1980		1979	1980	1980
Pennsylvania	101,453	112,137	10.5	8,544	9,427	—
Sum of SMSA counties	86,204	95,484	10.8	8,862	9,800	—
Sum of non-SMSA counties	15,249	16,653	9.2	7,104	7,738	—
Allentown-Bethlehem-Easton	5,628	6,296	11.9	8,890	9,865	85
Altoona	950	1,031	8.6	6,883	7,528	263
Erie	2,271	2,475	9.0	8,147	8,827	174
Harrisburg	3,953	4,396	11.2	8,949	9,828	86
Johnstown	2,029	2,152	6.1	7,588	8,117	239
Lancaster	3,097	3,400	9.8	8,619	9,357	123
Northeast Pennsylvania	4,810	5,278	9.8	7,478	8,223	231
Philadelphia	43,110	47,951	11.2	9,131	10,142	64
Pittsburgh	21,042	23,268	10.6	9,265	10,253	58
Reading	2,782	3,094	11.2	8,915	9,875	83
Sharon	998	1,111	11.3	7,804	8,636	197
State College	722	808	12.0	6,419	7,153	281
Williamsport	888	959	8.0	7,423	8,077	245
York	3,102	3,450	11.2	8,212	9,027	153

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, "Revised County and Metropolitan Area Personal Income," *Survey of Current Business*, Vol. 62, No. 4 (April, 1982).

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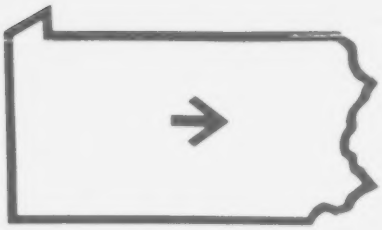


Pennsylvania's Economy Unchanged

Measures of Pennsylvania's economic health gave mixed signals in June but were generally unchanged from a month earlier. Pennsylvania's economy may be skimming along the bottom of a trough ready for an upturn, or it may be hesitating before plunging further into the recession as the nation's economy appeared to have done in June.

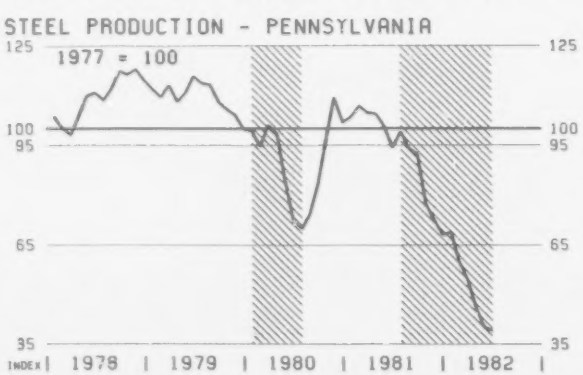
For example, Pennsylvania's manufacturing industries showed both strengths and weaknesses in June but remained essentially steady. The number of factory jobs in Pennsylvania remained at May's low of 1.19 million jobs. This is the lowest level since February 1946 when the full effect of the crippling steel strike early that year was felt. The seasonally adjusted index for manufacturing jobs declined to a new low of 87.9 (1977 = 100) in June from May's 88.6. In addition, total factory person-hours increased, but less than expected for this time of year, and total factory payrolls, although higher than the previous month, were unchanged after seasonal adjustment.

At the same time, a glimmer of good news came from average weekly hours worked by production workers in manufacturing industries, which increased slightly from May to June. Changes in this index usually precede changes in employment. Furthermore, industrial power sales, which to some extent reflects short-run adjustments in output and which conforms fairly closely to business cycle fluctuations, increased slightly more than seasonal in June. However, a few more months of data are needed before we can interpret these statistics as signs of a turnaround in the recession.

Certain industry groups were worse off than others in June. For example, although the total number of manufacturing jobs in Pennsylvania was steady, approximately 1600 more jobs were lost in the primary metals industry group. However, the average factory workweek for this industry group rose to 36.8 hours in June from 36.5 hours in May. This compares to 38.5 hours for all manufacturing industries in June.

The steel industry, Pennsylvania's major industry in the primary metals group, continued to deteriorate in June. Production in both Pennsylvania and the nation declined in April. A dismal 841,594 net tons were poured in Pennsylvania's mills, representing 13.9 percent of the national total.

The nonmanufacturing sector, like the manufacturing sector, showed both some strength and some weakness. The total number of nonmanufacturing jobs in Pennsylvania declined in June, a month in which seasonal employment in nonmanufacturing industries typically peaks. The largest loss was 12,300 jobs in state and local government. The usual seasonal drop in public education jobs was not countered by an increase in non-education jobs as in other years. Because



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of budget constraints, programs, such as CETA, which have provided a considerable number of jobs to Pennsylvanians, are being cut way back.

In addition, the sizable gain in construction jobs that usually occurs at this time of year did not take place although there was a significant gain in the value of construction contracts awarded in June from a month earlier. However, the total value of contracts for the first half of the year is $2,256.8 million, which is $189.3 million less than the total for the first half of 1981.

The labor market was not as strong as usually expected for June. However, statistical problems make the data hard to interpret. The civilian labor force in Pennsylvania increased 48,000 persons in June from May's level. The increase was less than expected for this time of year and was accompanied by less than seasonal increases in both total employment and unemployment. These data may be reflecting the fact that our seasonal adjustment factors, which are based on historical trends, do not adequately account for the increased number of students who enter the work force in May, rather than in June as in the past. In May, the number of persons in Pennsylvania's civilian labor force declined, but not as much as is usual for that month.

Furthermore, many students may have entered the labor force after the employment survey, which was conducted the week of June 6, and therefore will show up in next month's figures. The newly released figures from the Bureau of Labor Statistics show Pennsylvania's unemployment rate, based on their adjustment procedures, to have increased to 10.8 percent in July from 9.7 percent in June. Our estimates next month will follow suit.

For these reasons, the sizable decline in the seasonally adjusted unemployment rate from 11.1 percent in May to 9.8 percent in June should not be taken by itself as an indication that the recession has turned around in Pennsylvania. The unadjusted unemployment rate increased to 10.3 percent in June from 9.8 percent in May.

In addition, new claims for unemployment compensation rose in June. Although an increase is typical between May and June, the rise this year was more than expected bringing the seasonally adjusted index to 146.7 (1977 = 100) from 133.0 in May and 99.1 a year ago. June's figure exceeds those of all previous months except that of May 1980, when it was 149.6.

ECONOMIC ACTIVITY IN PENNSYLVANIA				*Seasonally Adjusted Indexes (1977 = 100.)*		
	1982		1981	1982		1981
	May	*June*	*June*	*May*	*June*	*June*
Pennsylvania Industries						
All nonagricultural industries, No. of wage and salaried jobs (thous.)	4,607*	4,595	4,806	99.9*	99.0	103.5
Nonmanufacturing No. of wage & salaried jobs (thous.)	3,412	3,404	3,482	104.9	103.9	106.3
Manufacturing						
No. of wage and salaried jobs (thous.)	1,189*	1,190	1,321	88.6*	87.9	97.5
Ave. wkly. hrs. worked by prod. workers	38.2*	38.5	39.4	97.1*	97.5	99.7
Total wkly. person-hours worked (mils.)	31.1*	31.3	36.9	81.2*	80.8	95.0
Total wkly. payroll (mil. dols.)	265.6*	268.0	304.3	118.9*	118.9	134.9
Steel production (thous. tons)	934	842	2,048	40	39	94
Industrial electric power sales (mil. kwh)	3,197	3,346	3,902	89	90	104
Mining						
Anthracite coal (thous. net tons)	533	543	477	106	107	95
Bituminous coal (thous. net tons)	6,098	6,209	6,272	83	84	84
Construction contracts awarded (mil. dols.)						
Total	322.2	491.5	447.8*	75	132	103*
Residential building	116.1	173.2	136.2*	55	88	70*
Other building	92.2	196.7	174.3*	74	139	121*
Nonbuilding (utilities and public works)	113.9	121.5	137.4*	96	105	113*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	4,880	4,894	4,985	102.2	101.3	103.2
Unemployed						
No. of persons (thous.)	529	563	511	152.4	132.6	120.3
Rate (percentage of labor force)	9.8	10.3	9.3	—	—	—
Rate, seasonally adjusted	11.1	9.8	8.9	—	—	—
Civilian labor force, no. of persons (thous.)	5,409	5,457	5,497	106.1	103.7	104.5
General Business Activity						
Bank debits, percentage change in dol. vol.						
From previous month	−18.3	+17.0				
From same month, previous year	+21.9	+25.0				

Notes:
* = Figure revised n.a. = Data not available
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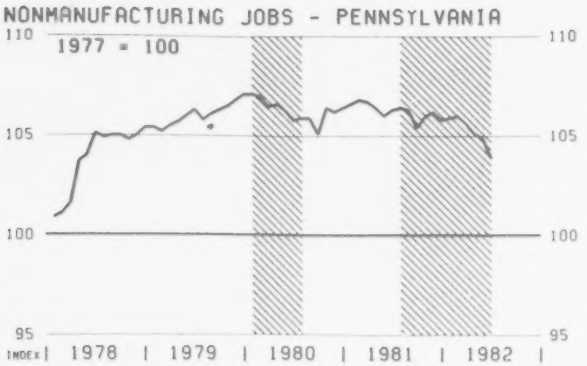
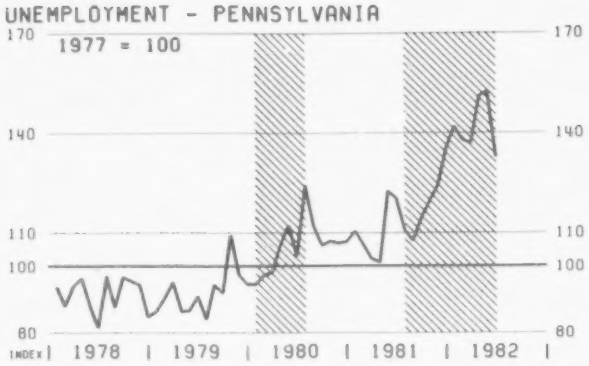
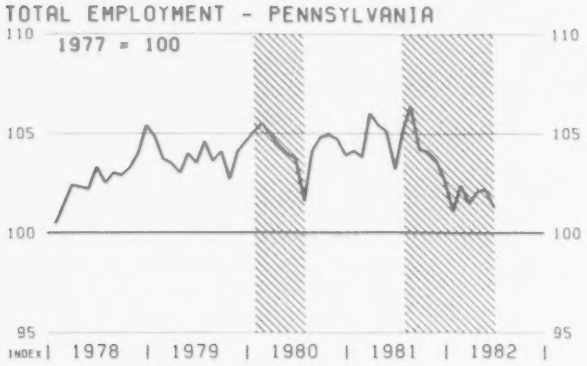
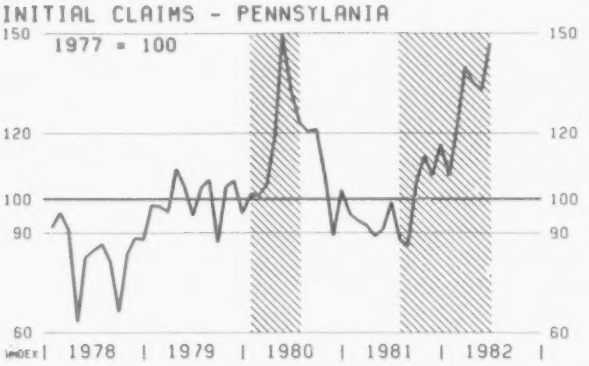








The Nation

The nation's economy faltered in June after having improved somewhat in May, clouding speculation that a recovery had begun.

Several economic indicators worsened in June, including employment, industrial production, and retail sales. The labor market was weaker in June than in May, despite the stability in the unemployment rate, which remained unchanged at a seasonally adjusted 9.5 percent. The jobless rate for adult males rose to a new high of 8.7 percent and total employment fell 0.4 percent in June after rising 0.8 percent in May. Furthermore, industrial production fell a seasonally adjusted 0.7 percent in June, increasing the likelihood that unemployment will rise further in the months ahead. Operating rates for several industries are currently at their lowest points on record. Finally, retail sales declined a seasonally adjusted 1.5 percent in June after rising a strong 2.7 percent in May. June's drop in part reflected a slump in domestic auto sales.

The reduction in production and employment are a result of continued inventory liquidation, which has yet to run its course. Furthermore, if auto sales continue at the June and early July rates, unwanted inventories for the auto industry will increase and production plans will have to be cut back drastically from already conservative levels.

Several other economic indicators have suggested that nationwide the recession is ending. In particular, the preliminary estimate of real GNP — the total value of output of goods and services adjusted for inflation — showed an annual growth rate of 1.7 percent in the April-June quarter after two consecutive quarterly declines.

Furthermore, the Commerce Department's composite index of leading indicators, which generally turns up two to three months before the start of a recovery, rose both in April and May at revised rates of 1.4 percent and 0.9 percent, respectively. However, in June, this index was unchanged from May's level. This leveling off is consistent with other economic indicators that showed activity weakening somewhat in June after strengthening in May and provides yet another sign that the economic recovery is likely to be less than robust this year.

Whether June represents a fluke and a mild recovery is on its way will be determined in the months ahead.

– Norma Gavin Pappas

U.S. Indexes
(1967 = 100)

	Consumers' prices, all items Urban index (unadjusted)	Industrial Production Total (seasonally adjusted)
June 1981	271.3	152.9
July	274.4	153.8
Aug.	276.5	153.3
Sept.	279.3	151.8
Oct.	279.9	149.6
Nov.	280.7	146.5
Dec.	281.8	143.4
Jan. 1982	282.5	139.1
Feb.	283.4	141.8
Mar.	283.1	141.5
Apr.	284.3	140.6
May	287.1	139.4
June	290.6	138.4

Sources: Consumers' prices, U.S. Dept. of Labor; industrial production, Federal Reserve Board.

Around the State

The economies of Pennsylvania's major metropolitan areas were generally down second quarter from first quarter. The major steel centers were hurt the worst while most metropolitan areas in the Southeastern quarter of the Commonwealth were weathering the recession well. In fact, Reading's economy may have begun to recover.

Southeastern Quarter

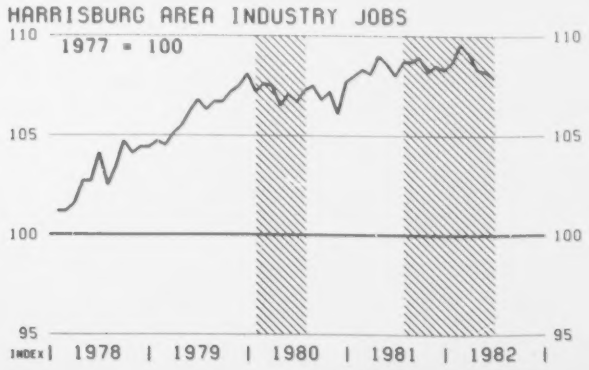
Harrisburg

Among the metropolitan areas of Pennsylvania, the Harrisburg area has incurred the least amount of damage in the current recession. However, last quarter, signs of recession damage were clearly evident.

The manufacturing sector in Harrisburg took a moderate dive. The seasonally adjusted index of factory jobs was down to 101 in the second quarter from 103 in the first quarter and 106 in second quarter 1981. In addition, hours worked by production workers declined in industries producing durable and nondurable goods. The index for average weekly hours in all manufacturing industries fell to 97, its lowest level since September 1976. This was down from 98 a quarter earlier and 102 second quarter a year earlier. Finally, industrial electric power sales declined to 91 in the second quarter from 96 in the first quarter and 107 in second quarter 1981.

At the same time, Harrisburg's nonmanufacturing sector held its own. Although the index for nonmanufacturing jobs was down slightly in the second quarter from a quarter earlier after seasonal adjustment, it was up slightly from the figure for second quarter a year ago. Furthermore, total nonagricultural industry jobs matched those of a year earlier. Thus, the job level in Harrisburg's industries remains at its highest level ever.

In addition, total employment of residents in the area increased in the second quarter from the first quarter, matching the figure from a year ago, and unemployment declined between first and second quarters. These gains were made despite an increase in the size of the civilian labor force.



HARRISBURG AREA[1]

	Ave. mo. value 2 Q.'82	Average monthly index seas. adj. (1977 = 100) 2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	223.0	113	112	113
Unemployed, no. of residents	14.1	120	139	117
Civilian labor force, no. in	236.5	114	113	113
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	226.5	108	109	108
Nonmfg. only, no. jobs in	186.0	110	111	109
Mfg. only, no. jobs in	40.5	101	103	106
Hrs. worked by production workers in mfg., ave. weekly	38.5	97	98	102
Industrial electric power sales	***	91	96	107
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	5.6	***	***	***
Nonresidential bldg. contracts only	3.5	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	− 2.2	***	***	***
From same quarter, previous year	+ 23.9	***	***	***

[1]Cumberland, Dauphin and Perry Counties

Thus, although the effects of the national recession were felt in the Harrisburg area last quarter, its economy is strong and should come out of the recession with only minor damage.

Lancaster

Although Lancaster's economy showed further signs of recession damage in the second quarter, it is still quite strong and should recover as quickly and completely from this recession as it has from past recessions.

The number of manufacturing jobs in Lancaster was at their lowest level since second quarter 1977. The seasonally adjusted index for this indicator dropped to 98 in the second quarter from 102 in the first quarter and 104 in second quarter 1981.

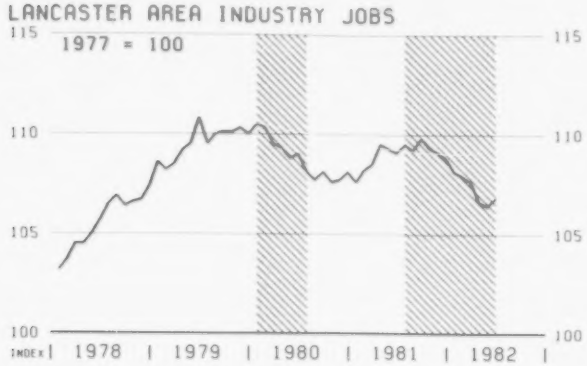
However, average weekly hours for production workers in manufacturing industries increased slightly in the second quarter. The increase came from manufacturers of durable goods. Because changes in this measure usually precede changes in employment, this uptick could be indicating that a turnaround in the recession for this area is close at hand.

At the same time, the level of nonmanufacturing jobs in Lancaster was unchanged after seasonal adjustment from the previous quarter and from second quarter a year ago. However, due to the drop in manufacturing jobs, the seasonally adjusted index for total nonagricultural industry jobs declined to 107 from first quarter's 108.

Furthermore, total employment increased while unemployment declined between first and second quarters this year. The seasonally adjusted index for the civilian labor force peaked in April at 113.2, but second quarter's average was unchanged from that of first quarter.

Among the economies of Pennsylvania's metropolitan areas, Lancaster's economy is weathering this recession better than all but that of Harrisburg when measured by the ratio of the unemployed to the total civilian labor force. The average monthly seasonally adjusted unemployment rate for Lancaster in the first half of 1982 was 7.6 percent. Thus, the area is in a good position for expansion when the recovery comes.

LANCASTER AREA INDUSTRY JOBS



LANCASTER AREA[1]

	Ave. mo. value 2 Q.'82	Average monthly index seas. adj. (1977 = 100) 2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	172.0	110	109	111
Unemployed, no. of residents	13.1	163	176	118
Civilian labor force, no. in	185.0	112	112	111
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	152.1	107	108	109
Nonmfg. only, no. jobs in	95.9	112	112	112
Mfg. only, no. jobs in	56.2	98	102	104
Hrs. worked by production workers in mfg., ave. weekly	38.4	97	96	100
Industrial electric power sales	***	99	101	104
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	5.6	***	***	***
Nonresidential bldg. contracts only	7.2	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 3.3	***	***	***
From same quarter, previous year	+ 16.4	***	***	***

[1]Lancaster County

Philadelphia

Philadelphia's economy continued to decline moderately in the April-June quarter. The number of total industry jobs increased in the second quarter, but not as much as is usual for this time of year. The seasonally adjusted index for this measure was at its lowest level since May 1978.

The increase in jobs came solely from the nonmanufacturing sector. However, even this increase was less than seasonally expected. Thus, the index fell to 107 in the second quarter from 108 in the first quarter.

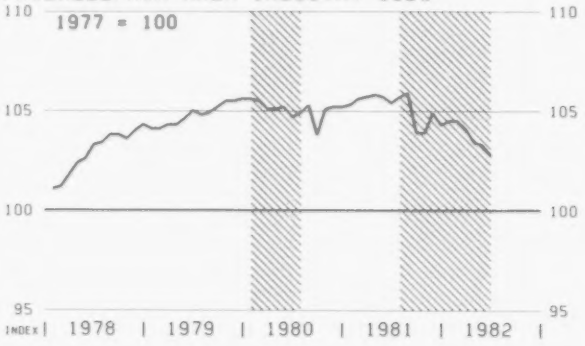
The number of factory jobs declined between first and second quarter. The total number of manufacturing jobs now stands at its lowest level in our records, which date back to 1949. The seasonally adjusted index for manufacturing jobs fell to 91 last quarter from 93 a quarter earlier and 97 second quarter a year earlier.

Finally, industrial electric power sales show general industrial activity to be at its lowest level since June 1975. This index, which has been adjusted for usual seasonal variation, declined to 94 in the second quarter from 97 in the previous quarter.

Despite these weaknesses, the area's labor market strengthened somewhat in the second quarter. Although the civilian labor force increased slightly between first and second quarters, unemployment declined. Philadelphia began the second quarter with a seasonally adjusted unemployment rate over nine percent, but by June, it had fallen to 7.8 percent — only one-tenth of a percentage point less than that of June 1981.

If Philadelphia's economy turns around in the current quarter, this recession's effects will be less than that of 1973-75 in terms of total jobs lost and total unemployment. During the earlier recession, 82,000-85,000 jobs were lost in the area. These jobs were not fully regained until September 1977. In the current recession, only about 50,000 jobs have been lost so far. Furthermore, unemployment appears to have peaked in April at a seasonally adjusted rate of 9.2 percent. It

PHILADELPHIA AREA INDUSTRY JOBS



PHILADELPHIA AREA[1]

	Ave. mo. value 2 Q.'82	Average monthly index seas. adj. (1977 = 100) 2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	1,985.2	106	105	108
Unemployed, no. of residents	184.5	106	111	90
Civilian labor force, no. in	2,169.6	106	105	106
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	1,897.1	103	104	106
Nonmfg. only, no. jobs in	1,490.7	107	108	109
Mfg. only, no. jobs in	405.7	91	93	97
Hrs. worked by production workers in mfg., ave. weekly	n.a.	n.a.	99	101
Industrial electric power sales				
Metropolitan area	***	94	97	99
Chester	***	97	98	98
Philadelphia	***	96	99	98
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	50.5	***	***	***
Nonresidential bldg. contracts only	56.1	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 2.3	***	***	***
From same quarter, previous year	+ 28.0	***	***	***

[1]Bucks, Chester, Delaware, Montgomery and Philadelphia counties, Pa.; Burlington, Camden and Gloucester counties, N.J.

had reached 10.8 percent in the Philadelphia area three months following the end of the 1973-75 national recession.

Philadelphia's strength in this recession stems from the increasing diversification of its economy. It should be in a good position for expansion when the current national recession ends.

Reading

From appearances, Reading's economy may have turned around last quarter and, therefore, leads the economies of Pennsylvania's metropolitan areas in recovery from the recession. The area's resourcefulness in this "manufacturing" recession is seen despite an extremely large manufacturing sector. In 1981, 38.2 percent of all jobs in the Reading area were in manufacturing industries. This compares to 27.4 percent for the state as a whole. However, Reading's manufacturing sector is highly diversified. The area's factories produce a myriad of products from electric and electronic machinery to food and kindred products, from primary metal products to apparel and other textiles.

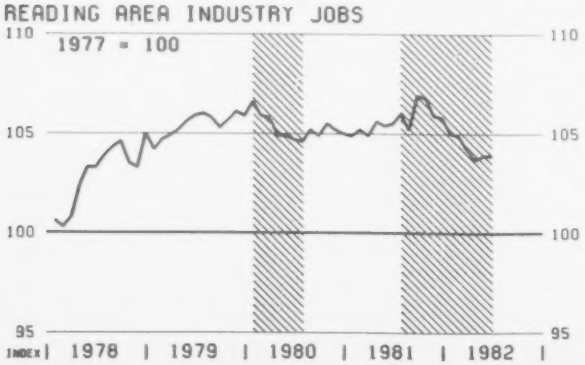
Reading was the only metropolitan area in Pennsylvania in which the number of manufacturing jobs increased between first and second quarters. Increases in May and June came after seven consecutive months of declines. The seasonally adjusted index stood at 102 last quarter, up from 101 the previous quarter but down from 104 second quarter a year earlier. At the same time, average weekly hours worked by production workers in manufacturing industries were unchanged last quarter from a quarter earlier.

The number of nonmanufacturing jobs in the area also increased, but the increase was less than usual for the time of year. Therefore, the seasonally adjusted index declined for the second consecutive quarter. It stood at 105 in the second quarter, down from 107 in the first quarter but up from 106 in second quarter 1981.

Finally, industrial electric power sales also showed industrial activity to have picked up momentum last quarter. The seasonally adjusted index for the second quarter increased to 110 from 102 in the first quarter.

Total employment increased and unemployment decreased between first and second quarters in Reading, despite an increase in the area's civilian labor force. The seasonally adjusted index for employment increased to 107 in the second quarter from 106 in the first quarter but is still considerably less than the record high of 110 reached in third quarter 1981. Nevertheless, it took only two months for Reading's employment level to reach and exceed its previous high after the 1980 national recession ended.

READING AREA INDUSTRY JOBS



READING AREA[1]

	Ave. mo. value 2 Q. '82	Average monthly index seas. adj. (1977 = 100) 2 Q. '82	1 Q. '82	2 Q. '81
Employment (in thousands)				
Employed, no. of residents	143.4	107	106	108
Unemployed, no. of residents	15.3	165	176	143
Civilian labor force, no. in	158.7	111	110	110
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	136.7	104	105	105
Nonmfg. only, no. jobs in	85.5	105	107	106
Mfg. only, no. jobs in	51.2	102	101	104
Hrs. worked by production workers in mfg., ave. weekly	38.3	98	98	102
Industrial electric power sales	***	110	102	116
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	2.7	***	***	***
Nonresidential bldg. contracts only	3.5	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 6.1	***	***	***
From same quarter, previous year	+ 12.9	***	***	***

[1]Berks County

York

The current recession took a toll on the York area economy last quarter. Most economic indicators for the area continued to fall throughout the second quarter.

The number of manufacturing jobs in York dropped steeply to its lowest level since March 1977. The seasonally adjusted index for this indicator was down to 103 in the second quarter from 107 in the first quarter and 109 in second quarter a year ago.

Furthermore, the decline in manufacturing jobs was not fully countered by an increase in the nonmanufacturing sector. Although there was an increase in nonmanufacturing jobs between the first and second quarters, it was no more than the usual seasonal increase. Therefore, the index for nonmanufacturing jobs remained unchanged at 110 last quarter, and that for total nonagricultural jobs dropped to 107 — its lowest level since April 1978.

Other indicators, average weekly hours worked by production workers in York's factories and industrial electric power sales in the area, were also down in the second quarter from first quarter's levels. The seasonally adjusted index for factory hours fell to 96 in the second quarter from 98 in the first quarter and 100 in the second quarter 1981. The index for power sales was at 90 — its lowest level since October 1975.

Both employment and unemployment increased in the second quarter as the labor force was at its highest quarterly level in history. Unemployment was also at its highest post-World War II level. Furthermore, the increase in employment was less than satisfying; total employment was still well below its level a year ago.

In the severe recession of 1973-75, the York area faired the least well among Pennsylvania's Standard Metropolitan Statistical Areas in terms of the percentage of total jobs lost. However, in the current recession, it has held up pretty well, ranking as the tenth worst hit area by this measure. But, to keep this ranking, the area's economy will have to improve upon last quarter's performance in the months ahead.

YORK AREA[1]

	Ave. mo. value 2 Q.'82	Average monthly index seas. adj. (1977 = 100) 2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	161.9	110	109	112
Unemployed, no. of residents	19.4	201	173	140
Civilian labor force, no. in	181.4	116	114	114
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	152.2	107	109	110
Nonmfg. only, no. jobs in	91.1	110	110	110
Mfg. only, no. jobs in	61.1	103	107	109
Hrs. worked by production workers in mfg., ave. weekly	39.4	96	98	100
Industrial electric power sales	***	90	94	105
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	5.1	***	***	***
Nonresidential bldg. contracts only	2.8	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 2.1	***	***	***
From same quarter, previous year	+ 51.8	***	***	***

[1]Adams and York counties

Northeastern Quarter

Allentown-Bethlehem-Easton

The Allentown-Bethlehem-Easton area was still showing the effects of the recession in the second quarter. Nevertheless, economic activity was picking up toward the end of the quarter, giving credence to a possible turnaround in the area's economy.

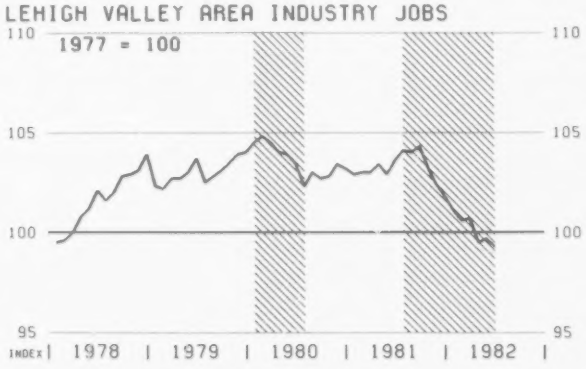
Both employment and unemployment increased in the second quarter from first quarter's levels as the size of the civilian labor force increased. However, both employment and unemployment declined between May and June.

Most, if not all, of the strength at the end of the quarter was in the nonmanufacturing sector. The total number of nonmanufacturing jobs increased in the second quarter, but the increase was less than normal for the season. Therefore, the seasonally adjusted index fell slightly to 106 from 107 a quarter earlier. But, the index was back up to 107 in June.

No such pickup was seen in the level of factory jobs. The seasonally adjusted index for manufacturing jobs in the Lehigh Valley area declined to 90 in the second quarter from 92 in the first quarter and 97 in second quarter a year ago. This index has not been so low since second quarter 1964. In June, it stood at 89, down from 90 in May.

Furthermore, average weekly hours worked by production workers in manufacturing industries declined for both durable and nondurable goods in the second quarter. But, the index for this indicator increased to 99 in June from 97 in May. Increases in average weekly hours usually precede increases in employment.

Finally, industrial electric power sales also indicated a sluggish economy in the second quarter for the Lehigh area: sales declined in both Bethlehem and Easton and increased only slightly in Allentown after seasonal adjustment. But, again June's figure of 105 for the metropolitan area was up from May's figure of 98.



LEHIGH VALLEY AREA[1]

	Ave. mo. value 2 Q.'82	Average monthly index seas. adj. (1977 = 100) 2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	278.3	102	101	106
Unemployed, no. of residents	30.2	158	153	124
Civilian labor force, no. in	308.5	106	105	107
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	256.3	100	101	103
Nonmfg. only, no. jobs in	159.2	106	107	108
Mfg. only, no. jobs in	97.2	90	92	97
Hrs. worked by production workers in mfg., ave. weekly	37.5	99	101	102
Industrial electric power sales.				
Metropolitan area	***	102	105	108
Allentown	***	96	95	98
Bethlehem	***	105	110	113
Easton	***	108	114	112
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	8.9	***	***	***
Nonresidential bldg. contracts only	9.9	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 2.8	***	***	***
From same quarter, previous year	+ 29.4	***	***	***

[1]Lehigh, Northampton and Carbon counties, Pa.; Warren County, N.J.

If June's figures do indicate a turnaround in the recession for this area, then it has been only moderately affected by the recession compared to other areas in the Commonwealth.

Northeast Area

Although the Northeast metropolitan area is weathering this recession better than it did the 1973-75 recession and better than some other metropolitan areas in Pennsylvania, considerable damage has been incurred in its economy. The level of factory jobs continued to decline last quarter, and the number of nonmanufacturing jobs in the three-county area fell after having maintained a record level since third quarter 1978.

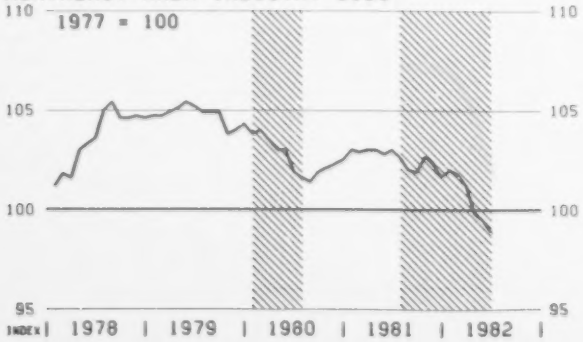
Last quarter's decline in the seasonally adjusted index for total nonagricultural industry jobs in the Northeast area was its fourth consecutive quarterly decline. Both manufacturing and nonmanufacturing industries contributed to the decline. The seasonally adjusted index for manufacturing jobs at 91 in the second quarter hit a new low. This index was down from 94 in the first quarter and 97 in second quarter 1981. Nonmanufacturing jobs also weakened last quarter. The seasonally adjusted index for this measure fell to 103 from 105 the previous quarter.

Total employment was unchanged in all three counties composing the Northeast metropolitan area. However, because the civilian labor force increased slightly in Lackawanna County, its seasonally adjusted index for unemployment increased in the second quarter from the first quarter. April's figure was the highest on record. On the other hand, unemployment decreased slightly between first and second quarters in Luzerne County as its civilian labor force shrank slightly. Nevertheless, unemployment remains at an undesirably high level in the county.

Other indicators of the economy's health, average weekly hours worked by production workers and industrial electric power sales, also declined between the first and second quarters. However, both of these measures were up from second quarter a year ago.

Thus, the area's economy is maintaining a fair level of activity. But, if consumer demand for the area's products, which include apparel and other finished products and electrical and electronic machinery, does not pick up soon, residents can expect further cutbacks in the months to come. At any rate, because of its industry mix, the outlook for the Northeast is better than that of many other metropolitan areas in Pennsylvania.

NORTHEAST AREA INDUSTRY JOBS



NORTHEAST AREA[1]

	Ave. mo. value 2 Q '82	Average monthly index seas. adj. (1977 = 100) 2 Q '82	1 Q '82	2 Q '81
Employment (in thousands)				
Employed, no. of residents:				
Northeast metropolitan area	253.9	103	103	106
Lackawanna County only (Scranton)	90.4	100	100	102
Luzerne County only (Wilkes-Barre/Hazleton)	136.0	102	102	105
Unemployed, no. of residents:				
Northeast metropolitan area	29.6	125	121	115
Lackawanna County only (Scranton)	10.5	125	116	111
Luzerne County only (Wilkes-Barre/Hazleton)	16.2	122	123	112
Civilian labor force, no.:				
Northeast metropolitan area	283.5	105	105	106
Lackawanna County only (Scranton)	100.8	102	101	103
Luzerne County only (Wilkes-Barre/Hazleton)	152.2	104	105	106
Local industries, Northeast metropolitan area (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	233.6	99	102	103
Nonmfg. only, no. jobs in	168.6	103	105	105
Mfg. only, no. jobs in	64.9	91	94	97
Hrs. worked by production workers in mfg., ave. weekly	36.6	102	103	101
Industrial electric power sales:				
Northeast metropolitan area	***	98	100	96
Lackawanna County only (Scranton)	***	96	98	96
Luzerne County only (Wilkes-Barre/Hazleton)	***	95	97	91
Hazleton	***	90	93	83
Wilkes-Barre	***	92	90	93
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	6.8	***	***	***
Nonresidential bldg. contracts only	3.1	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 3.4	***	***	***
From same quarter, previous year	+ 12.6	***	***	***

[1]Lackawanna, Luzerne and Monroe counties

Williamsport

Further recession damage was evident in the Williamsport area last quarter, which only compounds the severe damage incurred in the area's manufacturing sector during fourth quarter 1979 and the first half of 1980. However, although the quarterly averages for many economic indicators in the area were down in the second quarter from first quarter, most of them turned up slightly in June.

The level of total nonagricultural jobs fell last quarter after having remained steady since third quarter 1980. Both the manufacturing and nonmanufacturing sectors contributed to the drop. The seasonally adjusted index for manufacturing jobs fell to 88 in the second quarter from 91 in the first quarter. However, June's figure was slightly up from May's low. In addition, although there was an increase in

nonmanufacturing jobs between the first and second quarters, the increase was no more than the usual seasonal increase.

Average weekly hours worked by production workers in manufacturing industries showed a lower average quarterly value for the second quarter than for the first quarter. However, this measure, which is a leading indicator, has been gaining slowly since March.

Further good news came from employment data for Williamsport. These data show total employment to have increased and unemployment to have decreased in the second quarter while the number of persons in the civilian labor force remained unchanged from the previous quarter. Although both unemployment and the size of the labor force were down from highs a year ago, unemployment is still at a critical level. The unemployment rate for the area has been in double digits since third quarter 1979. In the first half of this year, the average monthly seasonally adjusted unemployment rate was 12.2 percent — the fourth worst rate among Pennsylvania's metropolitan areas and 1.8 percentage points above the state's average.

WILLIAMSPORT AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q.'82	2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	46.4	102	101	103
Unemployed, no. of residents	6.0	139	142	157
Civilian labor force, no. in	52.4	105	105	108
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	45.6	98	100	100
Nonmfg. only, no. jobs in	29.9	106	106	108
Mfg. only, no. jobs in	15.7	88	91	90
Hrs. worked by production workers in mfg., ave. weekly	39.1	101	102	102
Industrial electric power sales	***	93	96	99
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	0.4	***	***	***
Nonresidential bldg. contracts only	0.0	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 1.7	***	***	***
From same quarter, previous year	+ 15.9	***	***	***

[1]Lycoming County

Northwestern Quarter

Erie

Erie's economy felt the full force of the recession in the second quarter. Both the number of factory jobs and average weekly hours worked by production workers in manufacturing declined. Furthermore, a less than seasonal increase occurred in the area's nonmanufacturing industries.

The seasonally adjusted index for manufacturing jobs fell to 92 in the second quarter, the lowest level since the General Electric Co. strike in late 1969 and early 1970. At the same time, the index for nonmanufacturing jobs took a plunge to 98 from 102 in the first quarter and 104 in second quarter a year earlier. These declines brought the index for total nonagricultural industry jobs down to 96, its lowest level in a decade.

Average weekly factory hours fell to 37.9 hours in June, the lowest level on our records. The seasonally adjusted index declined to 95 in the second quarter from 98 in the first quarter and 100 in second quarter 1981.

Industrial electric power sales also contributed to the generally dismal picture of economic conditions in Erie. The seasonally adjusted index for this series was at its lowest level in fourteen years.

Total employment fell and unemployment increased after seasonal adjustment as the labor force remained unchanged between first and second quarters this year. Erie's average monthly seasonally adjusted unemployment rate for the first half of the year at 11.6 percent is worse than the 10.4 percent average in the state. Nevertheless, it is lower than those for several other metropolitan areas in Pennsylvania.

The major products of Erie county are transportation equipment, machinery, and other fabricated metal products. National trends in these industries greatly affect Erie's economic health. Currently, demand for these products is very weak nationally. Therefore, until the recession improves nationwide, Erie will have a gloomy outlook.

ERIE AREA INDUSTRY JOBS

ERIE AREA[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q.'82	2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	109.0	99	100	103
Unemployed, no. of residents	14.1	161	155	144
Civilian labor force, no. in	123.1	104	104	106
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	106.6	96	99	101
Nonmfg. only, no. jobs in	67.3	98	102	104
Mfg. only, no. jobs in	39.2	92	95	96
Hrs. worked by production workers in mfg., ave. weekly	38.9	95	98	100
Industrial electric power sales	***	82	83	106
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	2.2	***	***	***
Nonresidential bldg. contracts only	2.1	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+ 9.0	***	***	***
From same quarter, previous year	+ 8.4	***	***	***

[1]Erie County

Sharon

Among Pennsylvania's metropolitan areas, the Sharon area has been hurt the most in the current recession when measured by the percentage of total nonagricultural jobs lost since July 1981. In addition, Sharon's seasonally adjusted unemployment rate in the first half of 1982 at 15.4 percent is surpassed only by Johnstown's rate of 15.6 percent.

By the end of the second quarter, the seasonally adjusted index for total nonagricultural jobs had reached its lowest level since May 1976. Approximately 900 more jobs were lost in the manufacturing sector during the second quarter. Furthermore, most of these job losses are permanent, coming from plant closings rather than from temporary layoffs.

In addition, although the number of nonmanufacturing jobs increased in the second quarter, the increase was less than seasonal. The seasonally adjusted index for nonmanufacturing jobs declined to 102 from 105 in the first quarter where it had also stood second quarter a year earlier.

Another indication of the curtailment in industrial activity in Sharon is the sharp decline in industrial electric power sales. The index for this indicator fell to 89 in the second quarter from 97 in the first quarter and 117 in second quarter a year earlier.

In June, total employment in the Sharon area was at its lowest level since March 1977. Unemployment soared in April as the civilian labor force grew and employment declined slightly. But, it came down somewhat in June when there was a sharp drop in the labor force.

Sharon's recovery from the recession when it comes will be slow and painstaking. Local businessmen and community leaders will have to attract new businesses unless demand for the area's products pick up, which is unlikely in the near future. Meanwhile, more plant closings are planned.

SHARON AREA[1]

	Ave. mo. value 2 Q.'82	Average monthly index seas. adj. (1977 = 100) 2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	48.1	100	102	106
Unemployed, no of residents	8.5	231	209	109
Civilian labor force, no. in	56.5	110	110	106
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	44.2	97	101	104
Nonmfg. only, no. jobs in	30.1	102	105	105
Mfg. only, no. jobs in	14.1	86	92	101
Industrial electric power sales	***	89	97	117
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	1.1	***	***	***
Nonresidential bldg. contracts only	2.9	***	***	***

[1]Mercer County

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Southwestern Quarter

Altoona

Economic activity in the Altoona area has leveled off, and signs of a coming upturn are evident.

The size of Altoona's civilian labor force remained unchanged in the second quarter from first quarter's level, allowing gains made in employment to be accompanied by a decline in unemployment. The seasonally adjusted index for employment increased to 99 in the second quarter from 96 in the previous quarter, and the index for unemployment declined to 162 from 186. However, despite these improvements, unemployment in the area is still at an extremely high level.

Altoona's nonagricultural industry job level was also steady in the second quarter, remaining at about the same low point reached at the end of the 1973-75 recession. The usual seasonal increases in both manufacturing and nonmanufacturing jobs were experienced, but no improvement from the previous quarter's level occurred.

A possible hint of better economic conditions in the current quarter came from average weekly hours worked by production workers, which increased last quarter in both durable and nondurable manufacturing industries. The use of checking accounts was also up considerably in the second quarter from the previous quarter, suggesting a fair pace of general business activity.

Only industrial electric power sales showed a decline in the second quarter from the first quarter. The seasonally adjusted index for this indicator stood at 86 last quarter, down from 91 the quarter earlier.

ALTOONA AREA[1]

	Ave. mo. value 2 Q.'82	Average monthly index seas. adj. (1977 = 100) 2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	51.0	99	96	101
Unemployed, no. of residents	6.0	162	186	166
Civilian labor force, no. in	57.0	103	103	106
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	49.3	95	95	99
Nonmfg. only, no. jobs in	37.0	96	96	99
Mfg. only, no. jobs in	12.2	93	93	98
Hrs. worked by production workers in mfg., ave. weekly	39.4	103	102	102
Industrial electric power sales	***	86	91	88
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	3.3	***	***	***
Nonresidential bldg. contracts only	0.6	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	+12.7	***	***	***
From same quarter, previous year	+48.3	***	***	***

[1]Blair County

Although Altoona's economy is weathering the latter part of this recession well, the few signs of improvement noted in the second quarter will have to become much stronger in the months to come for a marked recovery.

Johnstown

There was only more bad news for the Johnstown area last quarter. The number of jobs in both manufacturing and nonmanufacturing industries plummeted while unemployment rose.

The seasonally adjusted index for manufacturing jobs in the Johnstown area hit a new low. The index stood at 71, down from 73 first quarter and 82 second quarter a year earlier. The seasonally adjusted index for nonmanufacturing jobs also declined. In the second quarter, this index was 95, down from 98 a quarter earlier but up from 94 second quarter 1981 at which time the economy was feeling the effects of a coal strike. Similarly, the index for total industry jobs was down to 88 from 92 a quarter earlier but up from 90 second quarter a year earlier.

As a result of these job losses, Johnstown's chronic unemployment problem worsened in the second quarter. May's level of unemployment in the area was superseded only once and that was in August 1977 after July's devastating flood. For the first half of 1982, Johnstown registered a seasonally adjusted average monthly unemployment rate of 15.6 percent — the highest rate among Pennsylvania's metropolitan areas.

At the same time, total employment pretty much maintained its first quarter level, dropping only slightly, and the civilian labor force was, for the most part, unchanged in the second quarter from the first quarter. Both of these measures have been gradually declining since the beginning of the 1980 recession.

Finally, declines in industrial electric power sales and bank debits from a quarter earlier indicate a continuing contraction in general economic activity in the area.

Prospects are not good for the future of Johnstown's economy. Many of the jobs lost are permanent losses. Therefore, for Johnstown's economy to expand, local businessmen and community leaders must attract new businesses and diversify the economy, which has been dominated in the past by the coal and steel industries.

JOHNSTOWN AREA INDUSTRY JOBS

JOHNSTOWN AREA[1]

	Ave. mo. value 2 Q '82	Average monthly index seas. adj. (1977 = 100) 2 Q '82	1 Q '82	2 Q '81
Employment (in thousands)				
Employed, no. of residents	89.0	92	92	96
Unemployed, no. of residents	15.5	161	149	146
Civilian labor force, no. in	104.5	98	98	101
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	78.9	88	92	90
Nonmfg. only, no. jobs in	63.8	95	98	94
Mfg. only, no. jobs in	15.0	71	73	82
Hrs. worked by production workers in mfg., ave. weekly	35.9	92	92	98
Industrial electric power sales	***	121	125	93
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	3.7	***	***	***
Nonresidential bldg. contracts only	1.3	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	— 5.7	***	***	***
From same quarter, previous year	+ 28.7	***	***	***

[1]Cambria and Somerset counties

Pittsburgh

The performance of Pittsburgh's economy in the second quarter shows that it is still very much affected by the fortunes of the steel industry, which has been in a severe slump.

Manufacturing jobs hit a new low last quarter. June's figure was almost half the level that prevailed in 1953. Furthermore, production workers still on the job in the area's factories are working less. Average weekly hours for production workers in manufacturing industries were down in June to the very low level experienced at the end of the 1980 recession.

The decline in manufacturing jobs in the post-World War II era has been countered by a growth in nonmanufacturing jobs. However, the level of nonmanufacturing jobs stabilized in fourth quarter 1978, and, since fourth quarter 1981, it has been declining. Between first and second quarters this year, the number of nonmanufacturing jobs increased, but at a less than seasonal rate. The seasonally adjusted index for this series fell to its lowest level since March 1978.

Thus, together the manufacturing and nonmanufacturing sectors brought the seasonally adjusted index for total industry jobs in the Pittsburgh area down to its lowest level since December 1972.

Industrial electric power sales also plummeted in the second quarter from the previous quarter. In June, sales of electricity to industries in the Pittsburgh metropolitan area were at their lowest level since December 1965.

Total employment in the Pittsburgh area increased, but less than seasonally expected. In June, the index for this indicator hit its lowest level since July 1977. Because of continued layoffs in the steel industry and a more than seasonal increase in the civilian labor force, unemployment soared in the second quarter. The seasonally adjusted unemployment rate reached a post-World War II peak of 12.2 percent in May.

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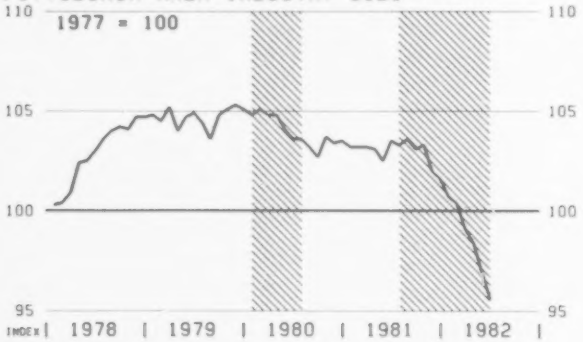
In summary, Pittsburgh has been hit hard in this recession and recovery will be slow. But, because of the size of the nonmanufacturing sector, the area's economy has held up much better than it would have had if the market for steel had weakened a few years earlier.

PITTSBURGH AREA INDUSTRY JOBS



PITTSBURGH AREA[1]

	Ave. mo. value 2 Q.'82	Average monthly index seas. adj. (1977 = 100) 2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	910.9	101	102	106
Unemployed, no. of residents	113.2	190	155	121
Civilian labor force, no. in	1,024.1	107	106	107
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	896.6	97	100	103
Nonmfg. only, no. jobs in	693.3	104	106	106
Mfg. only, no. jobs in	199.2	80	86	96
Hrs. worked by production workers in mfg., ave. weekly	37.8	93	96	100
Industrial electric power sales	***	72	89	106
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	31.1	***	***	***
Nonresidential bldg. contracts only	52.9	***	***	***
Bank debits, percentage change in dollar volume of seas. adj.:				
From previous quarter	− 2.6	***	***	***
From same quarter, previous year	+ 17.8	***	***	***

[1]Allegheny, Beaver, Washington and Westmoreland counties

State College

The State College area economy, which had been weathering the current recession well, turned down in the second quarter of this year. The economy had been on a steady trend of no growth and no contraction since 1979.

Job losses were incurred in both the manufacturing and nonmanufacturing sectors after seasonal adjustment. The seasonally adjusted index for total nonagricultural jobs declined to 106 in the second quarter from 108 in the first quarter but matched the figure for second quarter 1981. At the same time, manufacturing jobs were down to 108 in the second quarter from 111 in the first quarter but was up from 101 in the second quarter a year earlier. The lower figures for manufacturing and total nonagricultural jobs in second quarter 1981 reflected the effects of a strike at the area's largest manufacturing plant. The index for nonmanufacturing jobs stood at 106 in second quarter 1982, down from 107 a quarter earlier and 108 second quarter a year ago.

Industrial electric power sales were also down in the second quarter from first quarter's level. The seasonally adjusted index for this indicator was down to 92 from 94 a quarter earlier. The year earlier figure was lower due to the strike.

Both employment and unemployment increased in the second quarter, after accounting for usual seasonal variation as the size of the civilian labor force increased. The average monthly unemployment rate in the first half of the year increased to a seasonally adjusted 7.8 percent from 6.8 percent in 1981. Nevertheless, it is still well below the 10.4 percent unemployment rate experienced in the state as a whole during the same period.

Thus, although the economy in Centre County declined in the second quarter, the recession's effect on the area is still mild relative to its effect on other metropolitan areas in the Commonwealth.

STATE COLLEGE AREA[1]

	Ave. mo. value 2 Q.'82	Average monthly index seas. adj. (1977 = 100) 2 Q.'82	1 Q.'82	2 Q.'81
Employment (in thousands)				
Employed, no. of residents	43.3	110	109	111
Unemployed, no. of residents	3.5	161	160	147
Civilian labor force, no. in	46.7	113	112	113
Local industries (in thousands)				
Nonagricultural ind., no. of wage & salaried jobs in all	43.6	106	108	106
Nonmfg. only, no. jobs in	36.7	106	107	108
Mfg. only, no. jobs in	6.9	108	111	101
Industrial electric power sales	***	92	94	90
Construction contracts awarded, (in millions of dollars):				
Residential contracts only	2.1	***	***	***
Nonresidential bldg. contracts only	1.1	***	***	***

[1]Centre County